



PERSONNEL DEMO

CECOM Science & Technology (S&T) Reinvention Lab

Issue 6

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What have we done so far...

- On December 10, 1999 the Deputy Assistant Secretary of the Army for Civilian Personnel Policy approved the draft project plan.
- The plan is now under review by the DoD Civilian Personnel Management Staff. We are responding to their comments. Final review should be completed by March 31st.
- In February, Tom Sheehan briefed "Updates on the Demo Project" at several Directorate Town Meetings, namely, I2WD, C2 Directorate and STCD. Next stop in March is Fort Belvoir and Fort Huachuca.

Recent Plan Changes:

- Removed the portion of the Annual General Pay Increase (a.k.a. COLA) from the pay pool. All employees rated in the acceptable range are guaranteed the full COLA each year.
- The FY 00 Defense Authorization Act removes high grade controls and supervisory ratio controls from S&T Demo Labs. . . in a word, high grade cap disappears!
- Revised E & S paybands, combining the former Band III and Band IV. The new Band IV now includes both senior technical positions along with supervisors/managers covering GS-14, step 1 through GS-15, step 10.

What's next in the process...

- Following OSD approval, the plan advances to the Office of Personnel Management (OPM). When all concerns and questions have been addressed and incorporated into the plan, the Director of OPM approves the plan for publication. The plan is published as a *Federal Register Notice of Intent*. The Federal Register provides notification to both Congress and the workforce and will be mailed to each employee of the RDEC, SEC and ISEC. This is the first of two Federal Register publications. We anticipate publication of the first Federal Register notice in June 00.
- Within 30 days after the first *Federal Register* notice is published, OPM will host public hearings. There will probably be public hearings at Fort Monmouth, Fort Belvoir and Fort Huachuca. A public hearing is an opportunity for employees and the public to provide comments on the proposed Personnel Demonstration Project. It is not a debate, nor a question and answer session. It is focused on obtaining input. We are projecting public hearings for July 00.
- Next come formal negotiations with the Unions representing RDEC, SEC and ISEC employees. Formal negotiations are required on all aspects of the Personnel Demo Project. Unions represent approximately 50% of the

employees included in the S&T Personnel Demo Project. Unions represent employees even though they may not have joined the Union and pay union dues. For more information on the Unions and who they represent see FAQs.

- Following a review of the comments and any necessary revisions, a second and final *Federal Register* Notice of Approval is published and mailed to every employee. All comments from the public hearings must be summarized and addressed in the second and final Federal Register notice. We project the Final Federal Register Notice to be published in October .
- We must then wait 90 days before the demo can be implemented. We are projecting February 2001 as the date for implementation.

PERSONNEL DEMO

The Personnel Demo Newsletter is an unofficial publication authorized under the provisions of AR 360-81. It is published quarterly for employees of the CECOM Research, Development and Engineering Center, Software Engineering Center and the Information Systems Engineering Command, to create a better understanding of the S&T Personnel Demo. The views and opinions expressed in this newsletter are not necessarily those of the Department of the Army.
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*Every man is the architect
of his own fortune*

- English Proverb

FY 2000 Defense Authorization Act gives boost to S&T Personnel Demonstration Plan

Like the Berlin wall, the high-grade boundary came tumbling down. Section 1109 of the FY 2000 Defense Authorization Act, signed October 5, 1999 into Public Law 106-65 states that *"employees...shall be exempt from, and may not be counted for the purposes of, any constraint or limitation in a statute or regulation in terms of supervisory ratios or maximum number of employees in any specific category or categories of employment."*

In layman's language, this law removes the high-grade cap or boundary that would have previously limited salary increases above the GS-13 step 10 level without specific high-grade authorization. What does this mean to us under the present pay system? Nothing, absolutely nothing. This new law only applies to organizations that have adopted a pay system similar to the one being proposed under the CECOM S&T Demonstration Project. At present there are many GS-13 engineers that are top step or near top step, that will have limited opportunity to advance much further in base pay. There are only a few GS-14 jobs available to grow into and there is a good chance that many deserving GS-13's will never get promoted simply because of the numbers. Now, with the high-grade cap removed, top step 13's can now realize base pay increases that they could never get under the present system. Another point to be made from

Public Law 106-65 is that the present 15 to 1 employee to supervisor ratio that we must live under will disappear. How many organizations have a less than optimal organizational structure because they are driven by this ratio rather than what makes sense program-matically? I don't think anybody, from managers to interns, like this mandated ratio. With this ratio gone, Directorates can be structured based on programs; not numbers, establish more manageable supervisor to employee ratios, and create more promotional opportunities.

The plan also allows for GS-12 engineers to grow into a GS-13 salary non-competitively based on performance. This plan is not just about engineers. How many high step GS-343-12, Program Analysts are there that feel dead-ended that now have the potential to grow into a GS-14 salary equivalent based on performance under the personnel demo project? Or, how many GS-318-05 or 06 Secretaries are there that are also dead ended and can now grow into a GS-08 salary, non-competitively, based on performance? These individuals are dead-ended not because they are poor performers but because there are only a handful of promotional opportunities in their career field. Think about your own career field. Think 5,10,15 years down the road. Is there a reasonable chance for more promotions? Are you one of many vying for the same promotion? Are you getting good performance ratings? If so, you can be rewarded beyond what the present pay system allows.

Bottom-line...its pay for performance.

Many people feel that this personnel demo is nothing more than a "zero sum game". Studies of other Personnel Demonstrations in the U.S. Government that have been implemented actually show "salary creep". Plans that have been in place over a period of 8 to 14 years show that salaries under those demos have risen 3 to 10% over the GS scale.

Who Says It's Equal Work for Equal Pay?

Have you ever heard an employee say, "We do the same work, how come he or she is a higher grade than I am"?

Believe it or not the General Schedule or GS system was designed to ensure that "equal pay is provided for substantially equal work." The architects of the GS system created a design so that each job is assigned to a grade. Jobs assigned to the same grade are considered to be roughly equal in value. Each grade in turn has a range of salaries, from step 1 to step 10.

The belief was that this rigid, precise salary structure would assure internal equity and help the government function more effectively and efficiently. But, despite all the attempts to build precision into the classification system, fairness of the system appears to be questioned by the vast majority

of those whose opinion is perhaps the most important, the federal work force. A survey of federal employees taken by OPM in the early 90s, indicated only 31% of employees feel their pay is fair, considering what other people in their organization are paid.

The traditional classification system is premised on the expectation that job duties can be specified and remain static over a period of time. In the current environment, however employees are expected to perform new and different tasks in response to ever-changing external conditions. This requires a new model that can accommodate frequent change.

So what's the alternative? There are really only two choices. Stick with the conventional GS grades or adopt a pay banding system. In theory, pay banding is simple: a process that consolidates the narrow job classifications or grades into a few "broad bands" and significantly widens the corresponding salary ranges.

However, banding is a radical departure from the traditional GS salary structure, because salary progression under pay banding is based solidly on performance principles. That's a major shift from the GS system, which bases salary or step increases in each grade on completing a one, two or three year waiting period.

In the early 1990s, the US Postal Service faced a decision whether to stick with a system of grades and time-based salary progression or switch to a performance based organization. In their case change was critical as they were experiencing severe financial difficulties including a projected budget

deficit of \$2 billion in 1992. Factors contributing to this crisis were that pay was not related to performance, compensation was not comparable to the private sector and customer focus was lacking. A complete overhaul led to a pay-for-performance program that has been extremely successful. For the first time in history, the USPS has had a positive net income for 5 consecutive years.

So it comes down to a choice. Keeping the conventional GS system of rigid grades and salary increases based on time spent, or supporting a change to pay banding and pay-for-performance that bases rewards on performance, makes pay increases available yearly and has the potential to provide larger base pay increases than are currently allowed under the GS system for top performers.

Henry Romero was recently a keynote speaker at "The Manager's Edge Symposium" held in Atlanta, GA. Romero, Associate Director for Workforce Compensation and Performance at OPM knows that existing pay flexibilities in government are outdated and in major need of reform. He has heard federal supervisors and agency heads complain about the rigid structure of existing pay flexibilities. Romero was quoted as saying "We've recognized that it is rigid and that the current system is not as flexible as it should be."

Frequently Asked Questions(FAQ)

Q. *If the unions do not agree to the demo, can it still be implemented?*

A. The simple answer is yes, but only for those employees not represented by a Union. As stated previously, formal negotiations and agreement with the Unions is required on all aspects of the personnel demo project. We are, of course, optimistic that we can reach agreement once we begin formal negotiations. However, if not, we are prepared to implement the demo for those employees not represented by a Union. That includes all managers and supervisors, all SEC and RDEC employees at Fort Belvoir and a few other employees excluded from the Union because of their job responsibilities or location.

There are three Unions representing employees covered by the demo. AFGE Local 1904, Fort Monmouth represents employees in those job series included in the Business & Technical and General Support families. NFFE Local 476, Fort Monmouth represents employees in those job series included in the Engineering & Science family and AFGE Local 1662, Fort Huachuca represents employees in the Business & Technical and General Support families.

The breakdown is 51% of the RDEC, SEC and ISEC employees are not represented by a Union, 31% is represented by NFFE and 18% are represented by the two AFGE locals.

Q. *Are recruitment and/or retention bonuses changed under the demo?*

A. No, managers and supervisors may continue to make full use of recruitment and retention payments as currently provided for by OPM.

Q. *What if a special salary rate is approved for Information Technology (IT) employees after the demo is implemented?*

A. Recent revisions to our demo plan address this issue. We have included a provision that if OPM approves special salary rates that would apply to any group of employees already converted to the demo project pay band structure, we will review and adjust salaries to accommodate any increase provided by the new rates.

Q. *Will the range of salaries for each pay band increase with the annual General Schedule (GS) pay adjustments?*

A. Yes, salaries will increase appropriately. Even though grades disappear under pay banding, the start and end points of each band are still linked to the GS grades and steps for salary purposes.

Q. *How are Factor IV employees affected?*

A. Factor IV employees will track into the demo at their current grade and step. Factor IV positions will continue to exist under the demo in the same way they exist today. The evaluation process that is currently used will continue to be used under the demo.

You call the tune!

Listed below are re-phrased titles to 28 songs from the 50's, 60's and 70's. Try to figure out what the real title of the songs are. (Example: if the clue is "Tiny Sweetheart", the song would be LITTLE DARLIN') Some may require a little time, so if you don't get the answer right away, don't give up too quickly. There are a number of puns, twists, and sound-alikes, so let your imagination go. Answers appear on the page 9.

1950's

32,000 pounds _____
Arise Tiny Miss Chafee _____
Fall Departs _____
Completely Agitated _____
Remain _____
Mr. T's Daughter _____
What Physician _____
Greetings, Ms. Henner _____
Toxic Intravenous _____
Escaped Amphibious Creature _____

1960's

Sheeplike Intimidator _____
Singular Fellow _____
Set an I.O. U on Fire _____
Aid! _____
Sugary Shoe-Bottom Melodies _____
This Go-Go Footwear is constructed
for ambulating _____
Revolve, Spin, Pivot _____
Not Any-Place Guy _____
The Shplit Pea, Shplit Pea tune _____

1970's

Rap Thrice _____
Near Letter #21 _____
U.S. _____
You Illuminate my Existence _____
Reptile Stone _____
Margaret Might _____
Platter O'Daffy _____
How Come Letter #13; Observe Letter #1 _____
A Stallion without a Moniker _____

How Widespread are Demonstration Projects?

As you'll see from the following list, there are three permanent projects, nine active projects, four projects that either completed, terminated or expired and one pending final implementation (since 1997). There are certain Congressional requirements that limit the length of a demo project (normally no more than 5 years) and the number of active demonstration projects permitted at one time.

The overall goal of a demonstration project is to test beneficial changes to the personnel management system. The results serve several purposes: to show the effectiveness of the objectives of the project; to determine applicability elsewhere and support a decision to pursue legislative change Government-wide; to communicate and document best practices and share lessons learned with others and to provide a basis for extension, expansion or termination of the project for the good of employees or the Government.

For more information on Demonstration Projects check the OPM web site at <http://www.opm.gov>.

Permanent Projects

Navy - China Lake. Project implemented in 1980, made permanent in 1994. Approximately 10,000 employees participated. Features: simplified classification, broad pay bands, performance-based pay, increased flexibility for starting salaries. Unions: Originally not represented by Unions, but successive expansions have included employees represented by unions.

National Institute of Standards & Technology (NIST). Project implemented in 1988, made permanent in 1996. Approximately 3100 employees participated. Features: simplified classification, broad pay bands, pay-for-performance, recruiting/retention allowances, supervisory differentials. Unions: IAFF, International Assoc. of Machinists and Aerospace Workers, AFL-CIO and AFGE.

U.S.D.A. Forest Service. Project implemented in 1980, made permanent in 1998. Approximately 5,000 new hires participated. Features: streamlined examining process for new-hires, recruiting bonuses, extended probationary periods for research scientists. Unions: AFGE, NFFE and National Association of Government Employees (NAGE)

On-Going (active) Projects

Air Force Research Laboratory. Project implemented in 1997. Approximately 2800 scientists/engineers participating. Features: simplified classification, broad pay bands, contribution based compensation system, streamlined removal process and a voluntary emeritus corps. Unions: NFFE and the International Federation of Professional Technical Engineers (IFPTE)

Army, Aviation RDEC & Missile RDEC. Projects implemented in 1997. Approximately 2200 employees participating. Features: simplified classification, broad pay bands, pay-for-performance, revised RIF procedures, expanded employee developmental opportunities and a voluntary emeritus corps. Unions: AFGE and NFFE.

Army, Medical Research and Materiel Command. Project implemented in 1998. Approximately 1200 employees participating. Features: simplified classification, broad pay bands, pay-for-performance, revised RIF procedures, expanded employee developmental opportunities and a voluntary emeritus corps. Unions: AFGE and NFFE.

Army Research Lab. Project implemented in 1998. Approximately 2600 employees participating. Features: automated classification, broad pay bands, pay-for-performance, modified RIF procedures, expanded employee developmental opportunities and a voluntary emeritus corps. Unions: AFGE and NFFE.

Army, Engineer Research & Development Center. Project implemented in 1998. Approximately 1400 employees participating. Features: simplified classification, broad pay bands, pay-for-performance, revised RIF procedures, expanded employee developmental opportunities and a voluntary emeritus corps. Unions: AFGE and NFFE.

Naval Sea System Command Warfare Center. Project implemented in 1998. Approximately 24,000 employees participating. Features: simplified classification, broad pay bands, incentive pay, streamlined examining for new-hires. Unions: AFGE, NAGE, NFFE, Metal Trades Council (MTC), International Association of Machinists (IAM) and Fraternal Order of Police (FOP).

Naval Research Laboratory. Project implemented in 1999. Approximately

3000 employees participating. Features: Streamlined hiring, simplified classification, broad pay bands, contribution-based compensation system, extended probationary period for new employees, modified RIF. No Unions.

DoD Acquisition Workforce. Project implemented in 1999. Between 30,000 and 50,000 employees participating when phased implementation is complete. Features: First demo project to cover a workforce rather than an organizational entity, contribution-based compensation system, broad pay bands, and streamlined hiring. Unions: Many Unions throughout DoD. Negotiation/Consultation for all units not yet finalized.

Department of Commerce. Project implemented 1998. Approximately 2600 employees participating. Features: performance-based pay within broad pay bands, supervisory pay differentials, extended probationary periods for research scientists. Unions: AFGE

Completed demos

Federal Aviation Administration. Project implemented 1989, completed June 1994. Approximately 2200 employees in air traffic control and other safety-related positions participated. Features: Retention allowances up to 20%. (Note: With the passage of the Federal Employees Pay Comparability Act (FEPCA), in 1990, all federal agencies now have the authority to offer retention allowances.

FBI (New York City office). Project implemented 1988, completed 1993. Approximately 2100 Special Agents and Support Staff participated. Features: Retention allowance of up to 21% of

base pay, relocation bonuses of \$20,000 upon reassignment to N.Y. (Note: With the passage of FEPCA, all federal agencies now have the authority to offer retention allowances and relocation bonuses.

Expired Demo

Pacer Share (McClellan Air Force Base). Project implemented 1988, expired 1993. Approximately 1400 employees participated. Features: eliminated individual performance appraisals in favor of measures of organizational performance, progression through broad pay bands was based on longevity, all employees progressed at the same rate, regardless of performance. (Note: Some of the reasons cited for the expiration of this project were that Pacer Share never met its goals for annual payouts of \$1200 per person. Additionally, statistical process control procedures that were supposed to take the place of individual feedback never materialized to a significant degree.)

Terminated Demo

FAA Airway Science Curriculum.

Project implemented 1983, terminated 1991. Up to 5,000 employees participated. Features: An Airway Science Curriculum developed by FAA and the University Aviation Association to update the educational levels of applicants seeking careers with FAA. (Note: After seven years, the number of Airway Science graduates was 41, compared to 8,152 through traditional hiring methods. It was therefore agreed to end the project.)

Pending Demo

Department of Veterans Affairs.

Status: pending final implementation since February 1997. Approximately 600 employees. Features: An integrated human resource management system aligned with GPRA measures, skill-based pay, rewards team performance in achieving organizational goals. (Note: AFGE continues to work with the Regional Offices to finalize a project plan that meets the needs of all stakeholders.)

Answers to songs
1950s
 16 Tons, Wake Up Little Suzy, Autumn Leaves, All Shook Up, Please Stay, Misty, Witch Doctor, Hello Marylou, Posion Ivy, See You Later Alligator
1960s
 Woody Bullly, Lonely Guy, Bernadette, H E L P, Sweet Sole Music, These Boots Are Made for Walkin', Turn-Turn-Turn, No Where Man, Shoop Shoop Song
1970s
 Knock Three Times, Close to You, American Pie, You Light Up My Life, Crocodile Rock, Magie Mae, Disco Duck, Y.M.C.A., A Horse Without a Name